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Atari Online News, Etc.
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->From the Editor's Keyboard "Saying it like it is!"
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I've been saying it for months now - we really had no winter this year; and if this past week is any indication of what's to come, we won't have much of a spring either! It's mid-April and we're setting records for temperatures here in New England!

We spent a day last weekend cleaning up most of the residual fall leaves. All I have left to do is grind up a pile of branches, do some lawn-thatching, and fertilize/seed the lawn. Then comes getting the gardens ready for planting. I could be done a month ahead of schedule! The barbecue has already seen action and I plan plenty more outdoor cooking in the months to come.

A well-earned "mental health" vacation is starting now (sorry Joe!) and I'm looking forward to some rest. I have lots of plans but I'm sure I won't find (or plan well) the time to do everything that I want. As long as I get in a little bit of everything, I'll be happy.

I was going to take some potshots at Microsoft this week, but as you'll see in a couple of related articles this week, they seem to be doing fine without any help from me! Talk about shooting themselves in the foot, or both of them! You'll have to see for yourselves and make up your own minds.

For now, it's nice to break out a cold one or two and relax. I have lots of vacation time accrued so this should be the beginning of a terrific spring and summer for time off! I can hear Joe grinding his teeth already!

Until next time...

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MyAtari 2002 Award Winners Announced

Shiuming Lai has announced:

This month sees the results of the eagerly anticipated MyAtari 2002 Awards. Following weeks of nominations and over 1,700 votes, the winners

of the MyAtari 2002 Awards have now been announced. Congratulations to all the nominees and a big thank you to everyone who took the time to vote. Sadly, there can only be one winner per category.

http://www.myatari.net/

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PEOPLE ARE TALKING
compiled by Joe Mirando
joe@atarinews.org

Hidi ho friends and neighbors. Well, Mother Nature is doing it to us folks here in the northeast again. Would you believe that we've had a heat wave already? Yep, the last three days have seen 90+ degrees.

It boggles my mind that, in the middle of April... in the northeast, we've already had a heat wave. I hope that this isn't an omen of things to come because, coupled with the drought conditions that we're experiencing here, we could be in real trouble.

No, I'm not going to start rambling on about global warming and the collapsing ice shelves in the antarctic and the thinning ozone layer and declining resources... well, not THIS time anyway.

On another note, is it just me, or are people getting dumber and dumber? Maybe it's just because I'm getting older and am less patient with people with different views than my own (lord, I hope not), or maybe people really are getting dumber (I REALLY hope not).

I don't claim to know what the answer is, and I'm open to other opinions. So feel free to drop me a line and let me know what you think. Don't worry. I promise that I won't think you're one of the stupid ones. <grin>

Now, let's get to the news and stuff from the UseNet.

From the comp.sys.atari.st NewsGroup
==========

John Perez asks about one of my favorite graphics programs:

"I was testing a Cyrel Sunrise video card in 32-bit color mode, and whenever I load am image, the palette is skewed in on direction or the other depending upon the settings in Imagecopy. Generally, skin tones turn to green, or blue. I cannot seem to determine the correct settings to allow normal colors.

Perhaps Imagecopy doesn't work in 32-bit color, or NVDI needs some setting that I am unaware of?"

'Mike' tells John:

"Try 15 or 16 bit color setting on the Cyrel."

John replies:

"I wasn't aware that the Cyrel had the ability to display in 15 or 16-bit color. All of the profiles available are 8 or 32-bit. Perhaps I just need to make my own?"

Paul Nurminen asks about a little trick in Cubase:

"I was reading through the Cubase Audio manual today, trying to remember if I saw this once before, or if it's my imagination. But, isn't there a way to launch Cubase Audio so only the CUBASE (ie. MIDI) portion of the program is run - as if you were just running regular Cubase, and not Cubase Audio?

I can't remember, is it something like holding down ALTERNATE or CONTROL when launching the program???....

Through trial and error, I was able to answer my own question. For those of you who are interested in disabling the "audio engine" in Cubase Audio; simply holding down ALTERNATE when running CAF will cause a dialog box to pop up, asking if you really want to load Cubase without the audio engine.

For those of you wondering WHY I wanted to do this, basically because I was doing some testing to see if the MIDIman "Mini MacMan" MIDI out box would work better (ie. Cubase would STOP crashing) if the audio engine was disabled.

Another reason for wanting to do this is when I'm just working on MIDI stuff, I don't always want to have to turn on my DAT [so Cubase can get it's clock information] - it likes to complain if it can't find a clock signal through the FDI. And even if it's only MIDI tracks that I recorded previously [WITH the DAT turned ON], the tempo plays back erratically with the DAT turned OFF, since CAF is not getting any clock signal at all this way."

Wayne Martz tells Paul:

"Yeah. My problem has been the Soundpool mastering software has not been able to see the 44.1 clock signal from the little Steinburg CAC clock, and I have to plug in my FDI to work with it. But since I don't have a DAT, I've gotta use the CAC to run CAF. I've been thinking about finding a cheap (ha!) used DAT for convenient mixdowns, but I've also been looking at the cheap CDRecorders, and wondering if CAF could be used with one? Do you think CAF could get a 44.1 signal from a CDRecorder? (I expect it depends on the CDRecorder!) (BTW, I use a FAD-8 for A/D recording/conversion.)"

John Perez now asks:

"Anyone have Atari Unix?"

Kenneth Medin tells John:

"No, sorry.

But it should be noted that a genuine Atari UNIX _does_ exist. I don't think it really got finished but was to be shipped with TT's.

And off course the BSD clone Mint is nowadays a far better "Atari UNIX", I suppose.

Dr. Uwe Seimet tells Kenneth:

"It got finished but was only available for registered developers. It's an Atari System VR4.

No, (MiNT) isn't (a 'better UNIX'). The Atari Unix is a *complete* Unix with all System VR4 features, including X11 and Motif. MiNT is not Unix, only Unix-like. Nowadays it's Linux that replaces Atari's Unix."

Dave Roberts asks Uwe:

"Does the STE (4Mb RAM, 250Mb SCSI HD) have enough bottle to run Linux?
If so, where would I get a copy - available for download?
If not, what alternatives are there?"

Uwe tells Dave:

"Linux on the Atari requires an 68030, so an ST/STE will not work."

Dave follows up with...

"Does this apply to all unix-like variants including MINT?"

Uwe replies:

"No, only to "real" Unix-based systems, but not to all Unix-like systems. MiNT, in particular, does not require special hardware, but can profit from it."

Brian Roland asks about 'ethernetting' his Falcon030:

"I'm attempting to order the necessary kit to put my Falcon on a LAN with my PC. These are the only two computers involved at this point. Is it possible to simply connect the Falcon to the PC via one cable or must I get a switch/hub as well?

The setup will hopefully be something like this:

Falcon -> Ethernet -> cable -> USB-Ethernet -> PC -> USB-DSL modem.

If I didn't already have a USB type DSL modem on the PC I'd just get a hub, but since I need to go through this PC anyway to get fast NET access... would this work?"

Robert Schaffner tells Brian:

"ISDN/DSL Router (incl. Firewall!)

```
Falcon--------#
              #
Mac-----------#
              #
Mac-----------#-------> DSL Modem
```

- = ethernet rj45

Works fine in all directions for internet, file-sharing and other things.

On the falcon I use STing 1.26 with a rom port interface from elmar hilgart. Got nearly 30000b/sec with atari cab on my falcon."

Rod Smith jumps in and tells Brian:

"... The crossover cable is a critical detail.

As the OP has a USB DSL modem, this (the 4 port router) may not be an option; but there is SOME hope. Check these URLs for information on the (only, AFAIK) broadband router for USB modems:

http://www.draytek.com.tw
http://www.bestsystemsdirect.com

This product only supports a few USB modems, though, like the Alcatel SpeedTouch Home USB. If the OP has that model, the DrayTek could be used with it, and with Ethernet on all local computers. I've not been following it too closely, but I believe this product's gotten some pretty good reviews. For instance:

http://www.adslguide.org.uk/hardware/reviews/2001/q4/draytek_vigor2200usb.asp

Be sure to post your results, if you try it. It's a pretty rare router, so I've seen relatively few reports on how well it works. (Those I have seen have been positive, though.)"

Lonny Pursell adds:

"Directly from cpu to cpu I think all you need is a null cat5 ethernet cable, or sometimes referred to as a cross over cable. I have not tried that however so perhaps someone who has can confirm what I read.

I got a gateway/router with 4 ports. Anyone wanting to read how I setup my Hades060 can go to assemsoft.atari.org and read my doc on the clone page."

John Perez asks about a flakey TT:

"Today I started up a TT030, and instead of the familiar Atari logo, all that I get are some broken blue vertical lines. Can anyone suggest a course of action? I don't have an Atari TT030 diagnostic cartridge."

Jim DeClercq tells John:

"If it got that far in booting, my guess is the TOS roms are either dead, or they need a little re-seating. That general pattern is what you get when a diagnostic cartridge is testing memory, and displaying it on the screen. That is what makes me think that TOS is broken, or redirecting the screen memory to some other place. Start by observing static elimination rules, and have a go at re-seating those chips."

John replies:

"As I think back, the last thing that I was able to do with this TT was testing simms. I've been trying to weed out the defective ones.

It is slightly possible that the last time I tried to boot, one of the simms was not seated completely in the TT ram board.

Can anyone think of what I may have fried if this was the case?

Also, would a TT diagnostic card and test rig be likely to be able to diagnose this?"

Lyndon Amsdon replies:

"I'm not sure if it'll help, I think Ataris diagnostics only reported to screen, but perhaps wrong. It should send to RS-232 if it had any sense, and plug it into to a computer running terminal software with null modem cable."

Don Showengarth tells Lyndon:

"I'm not sure if it'll help, I think Ataris diagnostics only reported to screen, but perhaps wrong. It should send to RS-232 if it had any sense, and plug it into to a computer running terminal software with null modem cable."

Well folks, that's it for this time around. Tune in again next week, same time, same station, and be ready to listen to what they are saying when...

PEOPLE ARE TALKING

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->In This Week's Gaming Section - Xbox To Become The Ex-Box?!
Microsoft Slashes Xbox Price!
New Max Payne!

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Will Microsoft's Xbox Be the Ex-Box?

Despite a massive US$500 million marketing effort meant to build awareness of its new Xbox gaming console, Microsoft's attempt to infiltrate the home gaming market has proven less than successful, according to recent published reports.

Although the company will not divulge the actual number of units sold in more recent months, it said last January that it sold as many as 1.5 million Xbox consoles between the product's November 15th launch and December 31st.

Coming off a successful holiday season, Microsoft said it expected to ship 4.5 million to 6 million units by June 30th, but consumers reportedly aren't buying it. Instead, savvy consumers are opting to buy gaming consoles from companies like Sony and Nintendo, which have been in the console business far longer than Microsoft and offer equally (if not more) powerful systems with more games and for less money.

I can't help but be reminded of so many other companies' failed attempts at cracking the home gaming market. Not only is the business difficult to maintain (just ask Sega), but for a company to come from nowhere and jump right into the fray is almost impossible.

Sony was one of the few exceptions because it targeted new demographics that, at the time, were almost entirely untapped.

Unlike Microsoft's software, which the company can propagate throughout the industry by leveraging its illegal monopoly or which is inadvertently spread by software pirates, Microsoft must compete on a level playing field in the gaming arena. With no monopoly to exploit and a pirate-proof hardware product, Microsoft instead must convince consumers to buy a product that offers few advantages over its competition.

Unbeknownst to some, Microsoft sells its Xbox at a US$110 loss per unit. Such a tactic may sound like corporate suicide, but the theory -- which isn't unique to Microsoft but is used by other console makers as well -- is that profit will come later in the form of game sales for the platform.

It was rumored that Microsoft was planning to make up some of its initial loss by incorporating a monthly services-oriented business through its Hailstorm/My Services project.

But after that project was derailed by a lack of customer interest, any plans that might have been intended for that initiative are no longer a factor.

Therefore, the only remaining opportunity for Microsoft is to reap a return on investment from game sales -- but even that strategy is not without problems.

Unlike Sony and Nintendo, Microsoft has had only marginal success at convincing manufacturers to create games solely for the Xbox. Because PC games are a direct competitor to Microsoft's gaming platform, the company has an incentive to make sure games come first (or only) to its console.

But because there are more PCs than Xboxes, most gamers will opt to purchase these games for their PC. The few games Xbox has been getting have been mostly dual PC/Xbox or PC/Xbox/PlayStation/GameCube releases.

Microsoft even tried to acquire two extremely successful console gaming companies (EA and Square) in an effort to get them to make their products only for the Xbox, but neither company took the bait.

No one knows what will happen, but Microsoft's gaming console business looks rather grim to me. My prediction is that after two years and a lot of money and resources, the Xbox will exit the market.

Author's background: Harry Rider can be reached for response to this column by e-mailing him at hr_ceo@yahoo.com.

U.S. Game Industry Cheers Xbox European Price Cut

U.S. video game industry executives collectively cheered on Thursday as Microsoft Corp. , bowing to mounting pressure to shore up sagging sales of its Xbox game console, slashed the price of the machine in Great Britain and continental Europe.

Views were mixed, however, on whether the move signaled the start of a U.S. price war among the three major game consoles.

"We couldn't be happier," said Jeff Lapin, vice chairman of THQ Inc., which was the first game publisher to publicly urge Microsoft to cut prices. "Hopefully, this'll give the Xbox a shot in the arm and they'll sell more boxes."

Redmond, Washington-based Microsoft said it would cut the price of the Xbox as of April 26 by 38 percent in Europe, to 299 euros ($266), and by 34 percent in Britain to 199 pounds ($288). The cut takes effect just six weeks after the console's March 14 European launch.

"Finally, a good pricing move," said Jeetil Patel, an analyst at Deutsche Banc Alex. Brown who covers the industry. "Are they just playing catch-up with the market now? Yes," he added.

The new prices mean the Xbox will now be cheaper in Europe than in the United States, as is the case with Sony Corp.'s PlayStation 2, which costs $299 here.

"We think it's great news. We think this is exactly what they needed to do," said Jeff Brown, a spokesman for Electronic Arts Inc. , the No. 1 U.S. publisher.

However, the PS2, which debuted in November 2000, has a year's head-start on the Xbox, which was launched in the United States on Nov. 15.

Despite denials by the company, Sony is widely expected to cut the price of the PS2 to $199 in the United States.

Analysts and industry executives are divided, however, on whether cuts for both Sony and Microsoft will come sooner, say, at the industry's Electronic Entertainment Expo, or E3, trade show in late May; or later, perhaps during the back-to-school season in September.

"I would almost view a near-term price cut as a slight negative," Patel said. "I would assume that the second half is probably a better choice for them."

The third player in the U.S. market is Nintendo Co. Ltd. , whose GameCube console debuted in the United States three days after the Xbox at a price of $199.

In early April, George Harrison, Nintendo of America's vice president for marketing, told Reuters any GameCube price cut would only happen after a move by Sony, but that a Nintendo cut would have to happen by August to take effect for the holidays.

"If there is (a price war) it won't be started by Sony," said John Davison, editorial director of the Ziff Davis Media Game Group, which publishes a number of video game magazines.

Davison said he believes Microsoft will make the first move, probably at E3, with any Sony cut likely to come in September. In fact, Davison suggested Sony may not even need to cut prices.

After years of slashing overheads "now they're making money on units and demand hasn't dropped," he said.

Microsoft's European cut comes amid speculation in recent weeks from analysts who cover the Xbox's manufacturer, International Ltd. , that sales have been slow, leading to slower production at Flextronics and possibly building inventories.

However, the chief executive of chip maker Conexant Systems Inc. , which makes a video encoder chip for the console, said he had seen no such evidence.

"We haven't seen the impact in our orders," Dwight Decker told Reuters in an interview on Wednesday.

'Shield' Creator Takes Game to 'Max'

The creator of the hit FX cop series "The Shield" has signed a deal to adapt the shoot-'em-up video game "Max Payne" for the big screen.

"Payne" concerns an undercover DEA agent out to avenge the murder of his wife and child -- a complicated endeavor, since he's been set up for the death of a fellow narc in Gotham.

"Max Payne is an incredible character with a rabid fan base," said Shawn Ryan, who will adapt the property for Dimension Films. "As a writer and a gamer, I was ecstatic when (Dimension chief) Bob Weinstein offered me the opportunity to pen this potential franchise."

Released for PC, Sony's PlayStation 2 and Microsoft's Xbox, the game has

sold more than 1.8 million units worldwide since its release last fall.

Weinstein praised Ryan for having "shown a great, edgy new voice with his characters" and added, "We look forward to being a part of his successful transition to film."

Critically acclaimed, "The Shield" scored the most watched original series premiere in cable history. Before "The Shield," Ryan was a producer on the series "Angel." He began his primetime career on "Nash Bridges," rising to co-producer during his three-year tenure. He also worked on Fox's animated series "Life With Louie."

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A-ONE's Headline News
The Latest in Computer Technology News
Compiled by: Dana P. Jacobson

U.S. Attorney Investigates HP-Compaq Vote

Hewlett-Packard Co. said on Monday it was subpoenaed by the U.S. Attorney's Office over a shareholder vote of its proposed $19 billion takeover of Compaq Computer Corp. , indicating the government has opened a criminal investigation.

HP said the U.S. Attorney's Office for the Southern District of New York on April 10 asked for documents on voting by two large shareholders, Deutsche Bank and Northern Trust.

Experts said the involvement of the U.S. Attorney's office points to a criminal investigation and may have been sparked by a civil suit filed by Walter Hewlett, the son of one of the founders of the company. He has accused the company of essentially buying votes from a big investment bank.

HP denied any wrongdoing in the March 19 vote, and its shares were not impacted by news of the subpoena. HP stock rose 10 cents, or 0.6 percent, to $17.90 on the New York Stock Exchange.

"We never acted improperly. We remain optimistic that we can close the merger on our current schedule," HP spokeswoman Judy Radlinsky said in a statement.

The subpoena means a criminal investigation has been opened by the Justice Department and a grand jury has been called, said a former assistant U.S. attorney for the Southern District. The U.S. attorney acts as counsel to grand juries.

HP also said it was contacted informally by the Securities and Exchange Commission about the vote, which Walter Hewlett said was swayed by a threat by HP to hold back its substantial investment banking business from Deutsche Bank.

"My guess is that once a public charge was made of vote buying and thus possible fraud and corruption, there was a feeling that they needed to get the criminal authorities involved," said the former assistant U.S. attorney, who declined to be named.

"If nothing else, and there may be more to it than this, to satisfy the public that the government is doing its job."

The U.S. Attorney's Office did not return telephone calls.

The move puts more attention on Walter Hewlett's lawsuit, which is set to go to trial starting on April 23.

Samuel Thompson, professor and director at the Center for Study of Mergers & Acquisition at the University of Miami School of Law, said the investigations may legitimize Walter Hewlett's vote-buying allegations.

"My mother says if there's smoke there's fire. There's a lot of smoke here, there's got to be something," he said.

The government's inquiries represent the latest in a series of roadblocks that computer and printer maker HP has come up against since announcing plans to buy No. 2 personal computer maker Compaq in September.

HP said it believed the U.S. Attorney's inquiry was in response to news reports, which alluded to a voicemail from HP Chief Executive Carly Fiorina.

In the voicemail, Fiorina said to Chief Financial Officer Bob Wayman that HP "may have to do something extraordinary" to win Deutsche Bank's and Northern Trust's votes.

HP confirmed the voicemail was authentic.

After a long battle with Walter Hewlett, a dissident board member who led a four-month fight against the merger, HP said it won the shareholder vote by a slim margin but would wait for a final tally to be sure.

The ballot counting has been overshadowed, however, by his lawsuit. HP has said the lawsuit is without merit.

HP said the San Francisco office of the SEC has requested documents and information related to the voting by Deutsche Bank and affiliated parties. HP didn't say when it had been contacted and the SEC declined to comment.

Walter Hewlett has alleged that Deutsche Bank, which had been one of the underwriters in an HP credit facility the week before the vote, changed some of its votes from a "no" to a "yes" at the last minute due to HP management promises.

HP said on Monday defended its relation with the bank.

"We have long-standing relationships with Deutsche Bank as well as with many other institutional shareowners. Some of them voted for the merger, others against, some split their votes, and others changed their minds -- in both directions," Radlinsky said.

The trust headed by Hewlett-Packard Co. dissident director Walter Hewlett, who led opposition to the company's bid to buy Compaq Computer Corp. , on Wednesday said it would challenge a preliminary tally showing shareholders approved the merger.

"We will examine and challenge," said Todd Glass, a spokesman for the William Hewlett Revocable Trust.

Hewlett-Packard said on Wednesday that the initial results showed that shareholders had approved the controversial merger by a 3 percent margin out of 1.63 billion shares voted.

In an earlier statement, the William Hewlett Revocable Trust, which represents the assets of one of HP's co-founders, had only said that "extremely narrow" decision could be challenged under corporate bylaws.

HP, in its statement, said a recount could be completed in about a week with another day or two to complete the challenge process.

A source close to Hewlett's camp said the company was trying to hurry those proceedings before a pending lawsuit challenging the merger vote goes to trial in Delaware. It would take some time for proxy solicitors from both sides to examine votes and complete a recount, he said.

US Reluctantly Backs States on a Microsoft Issue

The U.S. government on Monday declined to back Microsoft Corp.'s effort to throw out claims that nine states have made against it on grounds that a proposed antitrust settlement has already been reached with the federal government.

Microsoft in February had asked the judge in the landmark antitrust case to dismiss the states' proposed antitrust sanctions, arguing that they lack standing without the federal government's support.

The legal maneuver sparked objections from many states, even some who had agreed to the settlement, as it trampled on their rights to pursue antitrust matters under federal law.

"The United States finds no definitive case law that would require granting the relief Microsoft seeks as a matter of law," the U.S. Justice Department said in a filing with U.S. District Judge Colleen Kollar-Kotelly.

At the same time, the department said the states do not have as much authority as the federal government. And it said the judge should be "particularly cautious" about their demands for antitrust sanctions.

The states' case "is not an appropriate vehicle for pursuing the interest of private individuals or commercial entities," the department said in its brief.

Microsoft has long claimed that the antitrust case is being fought on behalf of competitors such as AOL Time Warner Inc. and Sun Microsystems Inc.

The Justice Department was initially silent on the issue but in late March, Kollar-Kotelly sought its view.

The nine states that have rejected the settlement reached between Microsoft and the Justice Department in November objected to Microsoft's petition along with 25 other states.

Hearings before Kollar-Kotelly on the demands of the nine states for stiffer sanctions against Microsoft entered their fifth week on Monday.

Kollar-Kotelly is also considering whether the proposed settlement meets a required public interest standard.

Microsoft Defense Witness Testifies

The first defense witness in the Microsoft antitrust case said Tuesday that he agreed to testify as a personal favor to Microsoft chairman Bill Gates, without knowing anything about the penalties proposed by nine states.

W.J. "Jerry" Sanders, chairman of Advanced Micro Devices Inc., testified that because Microsoft's Windows operating system is so widely used, it allows software and hardware makers to innovate freely. Imposing the penalties recommended by the states would set back the computer industry 20 years, he said.

Sanders said he received a call from Gates on the last day Microsoft could name its witnesses. Gates and an outside Microsoft lawyer said the state proposals were crazy, and would fragment the personal computer industry.

But Sanders admitted that he has never read the state penalties himself, nor the federal settlement agreed to last year.

"You agreed without knowing what you would be testifying to other than the characterization that Mr. Gates gave you?" asked Howard Gutman, a lawyer for the states.

Sanders said he did. "If there's no fragmentation in the remedies, my appearance here is irrelevant."

Gutman tried to prove a quid pro quo between Sanders and Gates. Sanders said he had hoped Gates was calling to tell him about Microsoft support for AMD's new chip, which Sanders called the single most important thing in AMD's future.

According to Sanders, Gates said Microsoft and AMD engineers would talk about the new chip. Sanders also wanted Gates to withhold support for a competing chip from market-leader Intel Corp.

Microsoft has not publicly announced support for either AMD's or Intel's chip, but Sanders said he believes Microsoft will endorse AMD's product.

Nine states want U.S. District Judge Colleen Kollar-Kotelly to force Microsoft to create a "modular" version of its flagship Windows software that could incorporate competitors' features. The states also want Microsoft to divulge blueprints for its Internet Explorer browser.

The federal government and nine other states settled their antitrust case against Microsoft last year for lesser penalties.

The original judge in the case, Thomas Penfield Jackson, ordered Microsoft broken into two companies after concluding that it illegally stifled competitors. An appeals court reversed the breakup order and appointed Kollar-Kotelly to determine new punishment.

Sanders was the first of over 30 witnesses that Microsoft said may testify during its defense. The proceedings are expected to last for several more weeks.

A University of Chicago economist also took the stand for Microsoft Tuesday. One of two economists tapped by Microsoft, Kevin Murphy said the states seek "to bolster competition through the promotion of particular competitors."

"In contrast," Murphy said, "the proposed settlement focuses on enjoining anticompetitive conduct and allowing market forces to determine the competitive threats to Windows."

States that rejected the government’s settlement with Microsoft and are continuing to pursue the antitrust case are Iowa, Utah, Massachusetts, Connecticut, California, Kansas, Florida, Minnesota and West Virginia, along with the District of Columbia.

Antitrust Witness On Microsoft Payroll

An economist testifying as a key Microsoft witness acknowledged Wednesday that he never wrote about the software industry until he was retained by the company as a consultant.

The states suing Microsoft tried to show at a federal court antitrust hearing that the economist was biased and relied on data, contrary to court records and Microsoft’s earlier statements.

Kevin Murphy, an economics professor at the University of Chicago, listed several pages of research papers on his resume, but nothing more recent than 1998.

Under cross-examination from Steven Kuney, a lawyer for the states, Murphy conceded that he started writing about software later, and his research was funded by Microsoft. In those papers, he asserted that monopolies can be good for consumers.

Nine states want U.S. District Judge Colleen Kollar-Kotelly to force Microsoft to create a "modular" version of its flagship Windows software that could incorporate competitors’ features. The states also want Microsoft to divulge blueprints for its Internet Explorer browser.

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Murphy attacked the antitrust penalties against Microsoft proposed by nine states that did not settle, saying the penalties would more likely help Microsoft’s competitors than consumers.

Murphy said he concluded that Netscape’s Navigator Web browser and the Java programming language were not legitimate threats to Microsoft’s Windows monopoly. That idea is a key portion of the case, because software developers could write programs to run on Navigator and Java that would work on computers running non-Microsoft operating systems.

Murphy said he dismissed contrary statements by Microsoft, such as one in which Microsoft executives specifically referred to Netscape and Java as threats to Windows, as hyperbole designed to draw the interest of Microsoft Chairman Bill Gates.

"You’ve got to think what gets Bill Gates excited," Murphy said. "What gets him worried."

Kuney also showed how Murphy’s conclusions on how Microsoft used unfair contracts with Internet service providers to push Netscape out of the market differed from official court findings. Murphy admitted that he calculated Netscape’s loss differently.

Microsoft is expected to call about 30 witnesses, about double the number called by the states. Only one Microsoft employee, the head of the Microsoft Network Internet service, is likely to testify this week.

Supreme Court Strikes Down ’Virtual’ Child Porn Law

The Supreme Court on Tuesday struck down a federal law banning "virtual child pornography" that uses young adults or computer-generated pictures to depict children, ruling that it violates free-speech rights and could apply even to Shakespeare.

The high court’s 6-3 ruling was a stinging setback for the U.S. Justice Department, which defended the law, and an important extension of the Constitution’s First Amendment free-speech protections in the computer age.

Justice Anthony Kennedy wrote for the court majority that the law was too broad and prohibited speech that contained serious literary, artistic, political or scientific value.

He said the criminal law could be applied to a picture in a psychology manual, as well as a movie depicting the horrors of sexual abuse.

Kennedy said a number of acclaimed movies, filmed with young adult actors and actresses who only looked like minors, explore themes that fall within the wide sweep of the law’s prohibitions.

Kennedy cited the award-wining movies "Traffic," which has the 16-year-old daughter of the nation’s drug czar trading sex for drugs, and "American Beauty," with a middle-aged man dreaming about having sex with his daughter’s teen-age friend.

He said anyone who possessed these or hundreds of other films that contain a single graphic depiction of sexual activity would be subject to the law’s

severe punishment, a maximum of five years in prison.

Kennedy said themes of teen-age sexual activity and sexual abuse of children have inspired countless literary works. He said William Shakespeare in "Romeo and Juliet" created the most famous pair of teen-age lovers, one of whom was just 13.

While Shakespeare may not have included sexually explicit scenes for the Elizabethan audience, modern movie directors may want to show that the couple consummated their relationship, he said, warning that the law inhibits legitimate producers.

"The statute proscribes the visual depiction of an idea -- that of teen-agers engaging in sexual activity -- that is a fact of modern society and has been a theme in art and literature throughout the ages," Kennedy said.

The American Civil Liberties Union hailed the ruling as a forceful defense of First Amendment principles, saying it sent the message that Congress may not overstep the boundaries in restricting free speech.

Attorney General John Ashcroft, who strongly supported the law as a senator from Missouri, expressed disappointment that the court "made our ability to prosecute those who produce and possess child pornography immeasurably more difficult."

Ashcroft told reporters he has directed a Justice Department unit to work with U.S. attorneys around the country to make sure the ruling "affects as few of our pending child pornography cases as possible."

In dissent, Chief Justice William Rehnquist said the court should not construe the law as banning film portrayals of Shakespearean tragedies without some indication that such a result was intended by Congress.

He also said the law need not be construed to reach films with literary or artistic value, such as "Traffic" or "American Beauty."

The law, adopted by Congress and signed by President Bill Clinton in 1996, covered any visual depiction "that appears to be a minor engaging in sexually explicit conduct."

The law contained a provision prohibiting any visual depiction "that conveys the impression" of a minor engaging in such conduct.

The Justice Department said the law sought to combat child pornography in the digital age.

But Kennedy rejected that argument, finding that virtual child pornography was not directly related to the sexual abuse of children.

He also rejected the argument that the law was necessary because pedophiles may use virtual child pornography to seduce children.

Justice Sandra Day O’Connor agreed with the part of the ruling that struck down the ban on images of adults who looked like children. But in dissent, she said she would uphold the ban on virtual child pornography created wholly on a computer.

Rehnquist and Justice Antonin Scalia dissented from the court’s entire ruling.

Online Privacy Back in Spotlight with Bill

A senator proposed a measure on Thursday that would increase consumer privacy on the Internet, reviving a once-hot issue that has taken a back seat to security concerns since the Sept. 11 attacks.

Sen. Ernest Hollings hopes to require online businesses to get customer permission before disclosing sensitive information like bank account details or sexual orientation. Less-sensitive data, such as purchase or browsing records, could be shared with third parties unless the customer specifically said otherwise.

The South Carolina Democrat’s bill promises to revive a debate about how businesses use customer e-mail addresses, phone numbers, purchase records and other data collected through their Web sites.

Lawmakers introduced dozens of bills last year, but industry opposition and a renewed interest in security after Sept. 11 pushed online privacy (news - web sites) to the back burner.

As chairman of the Senate Commerce, Science and Transportation Committee, Hollings can put the issue back in the spotlight. His committee has hearings on April 25.

In a statement, Hollings said the bill would boost Internet commerce by making consumers less wary of giving out their credit card numbers or other sensitive information online.

"Privacy fears are stifling the development and expansion of the Internet as an engine of economic growth," he said.

One privacy expert said the bill strikes an admirable balance between customer and business interests.

"It actually forces companies to think about their data-collection strategies pretty carefully," said Larry Ponemon, chief of the Privacy Council, a Dallas consulting firm.

Business groups were less enthusiastic.

"From a fundamental standpoint, we don’t think this is necessary. There’s been no consumer demand for privacy legislation, there’s been no consumer harm," said Joe Rubin, top congressional lobbyist for the U.S. Chamber of Commerce.

The bill takes a two-prong approach to data collection, requiring an affirmative "opt in" from consumers before collecting or sharing sensitive information such as political or religious beliefs.

Less sensitive information, such as a list of items purchased, would be subject to an "opt out" standard, allowing businesses to use the data as they pleased unless customers specifically forbade them.

Consumers could sue firms for up to $5,000 per count if they found sensitive data was misused.

The bill would override stricter state measures, a key factor for online businesses who say it would be impossible to comply with a patchwork of state laws in the borderless world of cyberspace.

Rubin said online businesses have improved privacy protections on their own, and sites such as Yahoo Inc. pay a penalty in the marketplace when their data practices anger consumers.

Ponemon said an online privacy law would help curb abuses such as those commonplace after Sept. 11, when Internet companies voluntarily turned over their customer files to law enforcement agencies.

U.S. Cracks International Software Piracy Ring

U.S. authorities on Friday plan to announce the cracking of an international software piracy ring that reportedly cost Microsoft Corp. some $75 million in sales last year.

FBI agents and local police arrested some two dozen people in the San Francisco Bay area Thursday after a federal grand jury returned sealed indictments against alleged members of the ring last week.

FBI Director Robert Mueller was scheduled to hold a news conference Friday afternoon to announce formally the arrests, dubbed "Operation Cyberstorm."

FBI officials declined to reveal details of the sting ahead of the news conference, but confirmed a number of arrests.

Local newspapers reported many of those arrested were Taiwan citizens who allegedly duplicated software, including Microsoft Office 2000 and Microsoft Windows NT in Taiwan and then sold the pirated versions in the United States and elsewhere.

Adobe Systems Inc. software, including Adobe Photoshop, Adobe Illustrator and Adobe Go-Live, was also targeted by the alleged software pirates, according to news reports.

Those arrested Thursday face charges including money laundering, criminal copyright infringement and trafficking counterfeit goods.

Netscape, Not IE, Put On New CompuServe

America Online on Tuesday fired the first shot in what may signal the rekindling of the Web browser wars against Microsoft.

The Internet giant launched CompuServe 7.0 with Netscape bundled as its default browser. CompuServe, AOL’s other online service, previously used Microsoft’s Internet Explorer as its default browser, and AOL itself continues to use IE.

"We’re backing the product because we think it’s a good one and we want to put it in users’ hands, and CompuServe is a good place to get it out there," AOL spokesman Josh Danson said.

However, the decision for CompuServe to embrace Netscape, also an AOL subsidiary, could further divide AOL's tenuous partnership with Microsoft. For years, the two companies existed in an amicable quid-pro-quo arrangement where AOL would use IE as its default in exchange for Microsoft bundling AOL into its Windows operating system. Last summer, that arrangement dissolved, sending the tech rivals back to their respective corners.

As Microsoft continues to weave Internet applications more tightly into its ubiquitous operating system, AOL has also taken steps to favor its own products. Nearly a year ago, AOL began testing versions of CompuServe that use Gecko, the underlying browser technology browser engine developed by open-source movement Mozilla.org and Netscape. Although AOL has not stated grand intentions for Gecko, the technology is being tested in experimental versions of the flagship AOL service.

Although AOL said in a statement Tuesday that the upgrade was sparked by consumer feedback, some analysts wonder if there are more political reasons behind the move.

"The question is, are they doing it mostly for negotiating purposes or are they really going to roll it out," David Smith, an analyst for Gartner Group, said in reference to Netscape.

Indeed, the decision seems contradictory to AOL's actions. AOL Time Warner, AOL's parent company, filed suit against Microsoft earlier this year on behalf of Netscape, claiming the software giant's unfair business practices resulted in the browser's demise. Should AOL decide to bundle Netscape, Microsoft could argue that AOL poses a competitive threat in bundling its browser to its 34 million members.

For now, CompuServe's use of Netscape will act as a trial balloon. CompuServe, with its 3 million subscribers, remains a dwarf compared with AOL.

"It doesn't surprise me that AOL wants a test bed to see how users react and to iron out any rough spots so if they decide to go to a grander scale they can avoid the initial pitfalls on CompuServe," said Ken Smiley, an analyst at Giga Information Group.

Photoshop 7 Shipping; Collections Updated

Adobe Systems Inc. today announced the availability of Photoshop 7 for Mac OS X. Perhaps one of the most sought after applications for Apple's newest operating system, Photoshop was first unveiled on February 24, 2002.

While maintaining a familiar user interface for creative professionals, Adobe also added new features to the latest release of Photoshop. Among the most talked about features are the Healing Brush and the Patch Tool.

The Healing Brush is designed to clean-up images by removing dust, scratches, blemishes and wrinkles often found in images. What's different about the Healing Brush is that it will automatically preserve shading, lighting, texture and other attributes when cloning within one image or from one image to another.

The Patch Tool lets you be even more precise by working with selections.

You can use any of the basic selection tools, including channel operations, to first define your selection. Photoshop will then automatically heal the area defined by that selection while matching the lighting and shading of the sampled pixels to the source pixels.

But there’s more to the new version of Photoshop than these two popular features. Adobe also added the File Browser, customized workspaces, Auto Color Command, a completely redone painting engine, and much more.

"There are so many additional new features that most people will take a while to discover just how big this upgrade really is," Jeff Schewe, a professional Photographer & Imaging Artist from Chicago, told MacCentral. "Add to that the fact that Adobe has done a masterful job of making Photoshop native for OS X while still making it behave just like Photoshop and yes, I think it more than lives up to what professional Photoshop users expect from a major new version."

Adobe’s Photoshop team has added two new features since its introduction in February. Adobe Photoshop Scripting Support is a free plug-in available for download from Adobe. The plug-in enables Photoshop 7.0 users to write and run scripts in AppleScript and JavaScript on the Mac, and in Visual Basic or JavaScript on Windows. Scripting eliminates the hassle designers experience when performing non-creative production tasks by automating the manipulation of a single selected object or multiple documents, according to Adobe.

Adobe has also included new exporting capabilities into the shipping version of Photoshop 7.0. Photoshop now incorporates Viewpoint Corp.’s ZoomView technology, which allows customers to link to a site and deploy large, print-quality images online. Viewpoint is permitting Photoshop 7.0 users to obtain free ZoomView licenses for any non-commercial uses and specific commercial purposes.

"Photoshop 7 adds a number of features that will have creative professionals wondering how they lived without them, Tony Henning, Senior Analyst, Imaging Infrastructure Future Image Inc., told MacCentral. "The file browser alone is worth the upgrade as it lets you browse both images and associated metadata from within Photoshop, plus create and rename folders and rename and organize files. Photoshop 7 also adds much needed management capabilities like embedding metadata by saving to XMP, and automates workflows by saving personalized workspaces and, most important, by integrating with Adobe’s new Image Server, AlterCast."

Many longtime Mac users held off switching to Mac OS X until applications like Photoshop were available natively -- now that it is, how will Photoshop affect the adoption of Mac OS X by creative professionals?

"The advances of Photoshop 7 and OS X have now made it possible for the pros to seriously consider OS X for the first time," Schewe said. "With Adobe’s suite of graphics apps now all pretty much OS X native, one can consider working in an all OS X environment."

Schewe went on to say, "both OS X and Photoshop 7 will still depend upon third-party developers following through and doing carbon versions of the vast array of Photoshop plug-ins the pros need."

Photoshop 7.0 is now available in the United States and Canada for an estimated street price of US$609. Registered users of earlier versions of Photoshop can upgrade to version 7.0 for $149. For a limited time, a "Best of Photoshop 7.0" training CD will be included with full units and upgrades

to Photoshop 7.0. Upgrades from Adobe Photoshop Elements are available directly from Adobe for $499.

Adobe today also updated its "Collections" software bundles to include Photoshop 7.

The Adobe Design Collection delivers a set of professional tools that enable designers to create original artwork with Illustrator 10; design layered images with Photoshop 7.0; assemble page layouts with InDesign 2.0; and streamline print workflows with Acrobat 5.0.

The Adobe Web Collection contains all the applications needed to go from content creation to Web site deployment in a single package. The Collection includes GoLive 6.0 for design, development and management of dynamic content for Web and wireless devices; Photoshop 7.0; Illustrator 10; and LiveMotion 2.0 for designing interactive Web content.

The Adobe Publishing Collection provides a set of tools to create professional quality business communications for print. This package includes Adobe PageMaker 7.0, Photoshop 7.0, Illustrator 10 and Acrobat 5.0.

The Adobe Digital Video Collection offers visual effects artists and motion graphics professionals the tools to produce film, multimedia, video and Web projects. The Collection includes Photoshop 7.0; Illustrator 10; Adobe Premiere 6.0 for nonlinear video editing; and After Effects 5.5 for compositing, motion graphics design and visual and audio effects production.

The Adobe Design, Web and Publishing Collections are available at an estimated street price of $999 and the Adobe Digital Video Collection is available at an estimated street price of $1199.

Klez Worm’s On The Loose Again

A new variant of the Klez worm managed to squirm into computers in some parts of Asia on Tuesday and appeared to be spreading in the United States as of Wednesday.

Alternately known as Klez.g, Klez.h and Klez.k, depending on the security advisory that’s referring to it, the worm has its own e-mail engine to mass mail itself to potential victims, and it also attempts to deactivate some antivirus products. The worm can also spread to shared drives connected to PCs via local area networks or LANs.

While the e-mail message in which the worm gift-wraps itself is relatively standard, its ability to elude most antivirus products has enabled it to spread fairly widely, said Alex Shipp, an antivirus technologist for U.K.-based e-mail service provider MessageLabs.

"The author has changed enough of the bits to get past most virus programs," Shipp said.

While MessageLabs rates the virus as a low threat, Shipp said the rating is updated periodically, and he expects it to reach a high rating when it does update. The company first detected the malicious attachment late Monday and has seen the spread of the worm gradually increase.

Different variants of the Klez worm have generally been among the Top 3 antivirus threats since the first version of the worm was released in January. The Klez.e variant, which appeared last February, was particularly voracious, quickly becoming one of the fastest-spreading worms on the Internet.

Security-software maker Symantec upgraded the latest variant, which it labeled W32.Klez.H, to a threat level of three from a previous rating of two. The company categorizes threats on a scale of one, the lowest threat, to five.

The worm arrives in an e-mail message with one of 120 possible subject lines. There are 18 different standard subject headings, including "let's be friends," "meeting notice," "some questions," and "honey." On top of those, seven other patterns exist, such as "a x game" and "a x patch," where x can be one of 16 different words, including "new," "WinXP," and the name of any of six major antivirus companies.

In many circumstances, the worm doesn't need the victim to open it in order to run. Instead, it takes advantage of a 12-month-old vulnerability in Microsoft Outlook, known as the Automatic Execution of Embedded MIME Type bug, to open itself automatically on unpatched versions of Outlook.

The malicious program will find any network storage available on the infected PC and copy itself to the remote disk drives using a random file name and a .EXE, .PIF, .COM, .BAT, .SCR or .RAR extension. Occasionally, the file name will include a double extension.

The program will also cull e-mail addresses by searching a host of different file types on the infected PC. Using its own mail program, the worm will send itself off to those e-mail addresses. In addition, it will use the addresses to create a fake "From:" field in the e-mail message, disguising the actual source of the e-mail.

Finally, the worm attempts to disable antivirus software by deleting registry keys, stopping running processes and removing virus-definition files.

The worm also sports a message in its code from the author, who brags that it only took three weeks to create the malicious program.

The author claims the virus originated in Asia and may have bugs because of how fast he created it.

MessageLabs' own data points to China as the source of the first e-mails containing the worm.

By noon PST, major antivirus vendors had updated their virus definitions to recognize the newest Klez variant. However, in most cases, users will have to initiate an update to download the newest definitions and be protected.

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